

United States General Accounting Office

GAO

Report to the Director, Office of
Personnel Management

February 1980

**OFFICE OF PERSONNEL
MANAGEMENT**

**Better Performance
Information Needed**







United States
General Accounting Office
Washington, D.C. 20548

General Government Division

B-232596

February 7, 1990

The Honorable Constance Newman
Director, Office of Personnel
Management

Dear Ms. Newman:

The Office of Personnel Management (OPM), as the agency with primary responsibility for federal work force issues, provides a variety of services to federal agencies, individuals seeking federal employment, and 9 million federal employees, retirees, and their dependents. These services include providing information to, and examining the qualifications of, applicants seeking federal employment; training current employees; maintaining a health benefit program for employees, retirees, and their survivors; and establishing and making changes to annuity payments to retired federal employees. This report assesses OPM's use of performance measures and standards to manage the delivery of these services.

The Civil Service Reform Act of 1978 recognizes the need for performance measures and emphasizes that, where feasible, organizational and individual performance should be appraised in terms of timeliness, quality, and efficiency. Also, the Office of Management and Budget (OMB), promotes the establishment of performance measures for timeliness, quality, efficiency, and customer satisfaction as part of its Federal Productivity and Quality Improvement Program in which OPM participates.

Results in Brief

We identified 24 key outputs and services for OPM's operations units. (See appendix I.) Although OPM already has one or more performance measures and standards for most of these, certain improvements could be made in the following areas:

- Many key services lack the full range of potential performance measures and standards. In particular, there are very few performance standards for efficiency or customer satisfaction.
- Although many performance measures exist at lower management levels, summarized performance information on only a limited number of key services is provided to the directorate level. While not all measures for all services may be desired or needed at the directorate level, there are relatively few key activities reported on in a manner that allows the director to routinely and systematically track how well OPM is doing in many key areas.

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- Senior Executive Service and General Management workplans, which annually document expected individual and organizational achievements and are the basis for appraising performance, seldom identify the need to meet existing performance standards and make only limited use of performance information.

We recognize that the 24 services and 96 potential measures and standards we identified may not coincide directly with those that the director wishes to track. In selecting areas to track performance and deciding which measures to use, OPM needs to (1) prioritize the functions and services it believes are the most important and then determine which performance dimensions are critical for each of those services, and (2) consider costs for routine tracking and reporting of performance.

Subsequent to our December 1, 1989, briefing on our results and recommendations, OPM initiated agency-wide efforts to improve its development and use of performance measures and standards.

Background

To help ensure that operations are managed properly and customers served satisfactorily, an organization needs performance measures and standards. A performance measure, such as the number of days required to process retirement claims, can be matched against a standard to determine if management's or customers' expectations are being met. Measures by themselves can identify whether performance is improving or declining by comparing to past periods.

While line managers need detailed performance measures to ensure that program objectives are being met and services are being appropriately provided to customers on a daily basis, top management needs summarized performance information to track mission achievement, identify problems, and hold managers accountable.

Objective, Scope, and Methodology

In our review, we evaluated how well OPM uses appropriate measures and standards in assessing the quality, effectiveness, and efficiency of services provided to customers. Our examination covered OPM's major service-providing organizations—those involved in the retirement and health insurance programs, employee background investigations, career entry and employee development activities (recruiting and training), and evaluations of other agencies' personnel activities.

To achieve our objective, we identified (1) the key services of OPM's operational units and what performance measures and standards exist for these services, (2) what information about delivery of these services is routinely provided to the OPM director, and (3) how OPM uses performance expectations and standards to hold managers accountable for results. We examined 15 Senior Executive Service (SES) and 7 General Management (GM) workplans of managers having direct responsibility for the services. Appendix II contains additional details on our methodology.

We did our work between May 1989 and October 1989 at OPM headquarters using generally accepted government auditing standards.

Performance Information for Managing Operations Could Be Improved

OPM has developed some performance measures or standards for all the 24 services we examined, as well as for many other outputs and actions not considered key services. There are, however, still significant gaps and limitations in the performance information provided to management.

OPM's Measures Are Both Quantitative and Qualitative

Most OPM performance measures and standards are quantitative which, as a general rule, are easier for managers to use than qualitative measures. For example, Interim Retirement Annuity claims are to be completed in 12-14 days and with no more than 4.5-percent errors (14 days are used during periods of seasonably high workloads). However, in some instances, specific quantitative measures may not always be easily developed or practical for OPM's services. In some of these situations, OPM is using alternative, qualitative measures and standards. Seven out of 74 existing measures are qualitatively stated and 5 out of 35 standards are qualitative. (See tables III.1 and III.2.) For example, the standard for the Agency Compliance and Evaluation Office's Targeted Installation Reviews (TIR) states that "Reports reflect full coverage of all compliance issues, specify violations and recommend appropriate corrective actions. TIR reports are written in clear language and are organized logically."

Many Potential Measures and Standards Have Not Been Developed

Each of the 24 services could potentially have four measures (timeliness, quality, efficiency, and customer satisfaction) suggested by the Federal Productivity and Quality Improvement Program. With four measures for each of the 24 services, there are a possible 96 measures

for the key services. Likewise, there are 96 possible standards of performance. Our review showed that 73 (76 percent) of the total potential measures and 35 (36 percent) of the possible standards have been developed. (See appendix III.) While it may not prove appropriate to develop all the potential measures and standards, OPM needs to carefully determine its needs in this regard.

Measures and standards are missing primarily in the efficiency and customer satisfaction areas. Slightly more than half the potential measures of efficiency exist for the 24 services, and only one of the 24 services—background investigations—has an efficiency standard. There are no standards for customer satisfaction for any of the services.

Also, there are no measures or standards for the services provided job applicants or for the processing of health benefit claims. In particular, the managers of the health benefits function pointed out that claims processing is done by contract carriers and thus not directly controlled by OPM. In spite of this, we included it in our list because the magnitude of the program makes it a major OPM service, and OPM—not the contractors—is ultimately responsible for the program. Moreover, we believe measures and standards in the health benefits area would improve OPM's ability to assess contractor performance.

The Federal Health Benefits Program spent about \$8.0 billion in fiscal year 1989, covering 9 million employees, annuitants, and dependents. We compared it with a similar program and noted that the Health Care Financing Administration maintains performance measures and establishes standards for monitoring Medicare carriers—some of which are the same firms that serve the Federal Health Benefits Program. For example, one standard requires Medicare carriers to process 95 percent of the physician claims within 18 days after receipt.

Many Measures Are Limited in Ability to Track and Report on Performance

Performance measures help management identify successes and problems through comparisons with either standards or past performance. Consequently, performance information needs to be collected, organized, and analyzed so that levels of performance and emerging problems can be clearly identified. Finally, to make measurement data fully useful to management, it needs to be reported on a current basis and used with past data to identify performance trends.

Some OPM performance assessments—particularly of customer satisfaction—have not been fully developed and are limited in both the amount

of documented analysis provided and in the availability of reports that can be tracked over time to assess changes in performance. The following are examples of such assessments.

- The Investigations Group meets with customer agencies regularly to assess service-related problems and concerns. Investigations Group officials attending the meetings orally report these concerns to Investigations Group top management who also attend some of the meetings. However, data are not systematically collected in writing to enable analyses of the extent of various performance problems. For example, agency officials are not surveyed in writing on performance issues to determine the breadth of problems or whether the level of performance is changing. Consequently, while performance data are analyzed, no written reports are developed and maintained, and performance over time is not determined and documented.
- The Retirement Group managers obtain customer satisfaction data from a customer survey form that is placed in an information rack in the Retirement Information Center in the OPM headquarters building and from retiree correspondence. However, the data are not systematically collected, hampering any potential analysis. For example, the customer survey form is available only to those who happen to see it in the rack and choose to complete it instead of being uniformly provided to all or to a statistically valid sample of customers. Further, data from the survey and correspondence are not organized to analyze major performance issues. Finally, reports are not written on current performance and trends in customer service are not determined.
- The Office of Agency Compliance and Evaluation maintains contacts with agencies' officials through written requests for input to program changes, formal meetings with high level agency officials, and agency responses to compliance report recommendations. Program managers believe this type of regular input enables them to assess customer service and determine if the proper compliance issues are being addressed. However, as in the above two examples, the information gathered is not organized, summarized, or reported, and historical trends are not developed.

Two OPM organizations have been working to achieve a more complete assessment of customer service through collection of performance information that can be organized, analyzed, and reported, and which will permit tracking of performance. One, the Career Entry and Employee Development Group, is currently assessing the results of a formal customer service survey in the career entry area.

The second, the Washington Area Service Center, has a major ongoing program to improve customer service. As a part of that program, the Center surveyed agencies' training and development managers to determine how the center could better serve them, and then administered the same survey to over 500 students attending classes to gain additional insights. In the job information area, the Center made a limited customer survey at the Job Information Center in OPM headquarters. The Center is applying the information from these surveys in efforts to improve the service delivery process. These efforts include employee participation in improvement action teams.

We believe such surveys and other methods of systematically collecting performance data are better than informal feedback as a mechanism for determining customer satisfaction because they enable organizations to systematically analyze, report, and track performance. In the late 1970s, a study for the White House Office of Consumer Affairs disclosed that the average business never hears from 96 percent of its unhappy customers, indicating that reliance on correspondence and informal feedback can result in missing or misinterpreting customer concerns.

It may not be possible or cost-effective to develop measures and standards for all 96 dimensions. However, because of both the large number of performance dimensions without measures or standards and the number of measures that are limited in their usefulness to management, we believe that an assessment of information needs is appropriate. Such an assessment should not only address which missing measures and standards need to be developed, but also who OPM's customers are and what information is needed to assess services provided to them. Further, there may be functions other than the ones we selected that management may wish to track in terms of performance. In selecting functions and services to track, we believe particular consideration needs to be given to measures and standards for timeliness, quality, efficiency, and customer satisfaction for the part of the health benefits program administered by contractors for OPM and services to federal employment applicants.

Performance Reporting to OPM Director Can Be Improved

OPM's top management regularly receives only limited performance reports from operating units. As described to us by OPM managers, performance reporting is generally kept within the functional units. Detailed measures are reported to the first line operating managers, and summarized performance reports are prepared for program managers. Performance reports to the directorate level are limited to a few on a

regular basis. For example, certain performance information has only recently been provided to the director on a routine basis, such as the files of customer correspondence and the monthly letter to the Chairman, House Committee on Post Office and Civil Service, on timeliness in annuitant claims.

This increased information at the directorate level is useful but more needs to be done. The information provided still addresses relatively few key services and dimensions of performance and is not provided in a manner that would allow routine and systematic tracking of how well OPM is doing in many key areas.

Regular, summarized reports of performance in key areas of an organization can not only identify problem areas needing attention, but can also identify whether attention to a problem is successful. For example, we used OPM's data to develop trend charts that illustrate the type of summarized performance information that could be routinely provided to the directorate level. (See appendix IV.) These charts show that management efforts to improve timeliness in the retirement annuity process have been successful, but quality in that process has not met OPM standards. Although we did not validate the performance data, such performance reporting may alert management that greater attention may be needed for quality as well as timeliness.

We do not believe that the OPM director necessarily needs to routinely receive specific performance information on all 96 dimensions, and as previously stated, you may find that other functions and activities are as important, or more important, to track than the 24 we listed. Rather, the development and use of measures and standards should reflect management's needs for performance and customer service information. Appendix V contains more details on the issues we believe should be considered in developing a more comprehensive and strategic approach to measuring and reporting performance.

Limited Use of Performance Information to Hold Managers Accountable

Performance measures and standards should be used as part of the basis for appraising managers. In doing so, consideration should be given to constraints beyond an individual manager's control that can prevent performance targets from being achieved.

Performance standards and measures are used to a limited extent in holding managers accountable for performance. In examining 15 SES workplans, we found that 9 had timeliness performance identified in

general terms as an accountability item and 4 of these had quantitative timeliness standards for services and outputs. Similarly, 9 of 15 had quality identified and 2 had quantitative standards. Customer service and satisfaction was the least mentioned in the workplans—4 managers had customer service identified as an accountability item in their workplans.

First line managers are generally accountable for achieving the performance expectations outlined in the workplans. Higher level program managers and senior executives are usually accountable for less explicitly defined program performance. For example, in the Investigations function, the Chief of the Investigations Operations Division, as a first line (GM) manager, is responsible for achieving specific, quantitative timeliness and efficiency standards for that segment of the overall process.

At the next higher level, accountability becomes less linked to performance standards. The Assistant Director for Federal Investigations (SES) is accountable for achieving a 10-percent improvement in timeliness for investigations in general. At the program management level, the link to performance in delivering services is not specific. The fiscal year 1989 workplan for the Associate Director for Investigations contained no elements with specific timeliness, quality, or efficiency performance expectations.

As another example, the Chief, Adjudication Division II, Office of Retirement Programs, a first line manager, is held accountable for specific goals in processing claims. That individual's fiscal year 1989 workplan states that the unit should "process fully developed (survivor) cases within 30 days of receipt," among other similar goals for various types of cases. At the next higher level, the Assistant Director for Retirement Programs is accountable for broader goals such as processing "claims accurately and timely" and minimizing "degradation in quality and processing times for CSRS initial and post adjudication workloads in the face of reduced staffing levels." At the top program level, the Associate Director for Retirement and Insurance Programs is accountable for even broader goals such as to "identify and implement strategies for containing growth for backlogs and processing times in key workloads."

Conclusions

We believe that the development and use of performance measures and standards should be done in a manner that enables the director to use

these tools in the effective management of OPM, and that such performance information would be more useful if improvements were made in the following three areas.

- Expanding the availability and use of performance measures for OPM's functions and activities. For example, consideration should be given to the types of measures OPM management could use to assess performance in the health benefits claims area.
- More systematically and comprehensively compiling and reporting performance information to the director for OPM's key functions and activities.
- Linking performance standards and expectations for organizational units more closely to the performance workplans of the units' managers to increase the managers' accountability for results.

Recommendation to the Director, OPM

We recommend that you establish a more comprehensive and strategic approach to the development and use of performance measures and standards. Such an approach would require:

- Determining who OPM's customers are, deciding which services provided to these customers should be routinely tracked at the directorate level, and developing the measures and standards needed to assess performance in those services. In following this approach, OPM needs to consider the cost of developing measures and whether precise, quantitative measures are needed in all areas. Further, consideration should be given to the need to have information on various services and outputs, not just the 24 identified in this report.
- Developing a flexible performance reporting system for the directorate level that will highlight areas needing attention. Such a reporting system should assure that the director is routinely made aware of performance in all areas of importance to good management of operations and customer service. Further, the reporting system need not report all performance dimensions of all key services on a frequent basis, but should be tailored to the current needs of top management at any point in time.
- Making greater use of organizational performance information in holding SES and GMS accountable by specifying in their annual workplans specific key services and the performance expectations for these.

Agency Comments

Based on discussions of the report with OPM, it is clear that OPM agrees with our findings and recommendations. OPM staff identified some technical changes to the data, which have been incorporated. They also commented that areas where ongoing customer-oriented efforts have been developed were not sufficiently discussed in the draft report; we have added information to address these efforts appropriately.

Additionally, OPM discussed its current actions to improve the development and use of performance information and said that our recommendations have been helpful in these efforts. Information they provided showed that (1) all OPM organizations have begun to identify customers and determine the measures and standards that are available for judging performance in serving these customers, and (2) the Office of Policy is establishing a reporting system that will provide key performance measures to the directorate level. We believe that these are positive steps that should enhance the management of OPM.

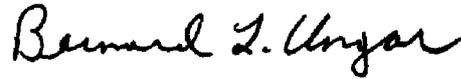
John Leitch, Assistant Director, Federal Human Resource Management Issues, was the principal contributor to this assignment.

As you know, 31 U.S.C. 720 requires the head of a federal agency to submit a written statement on actions taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to the Senate Committee on Governmental Affairs; Subcommittee on Treasury, Postal Service and General Government, Senate Committee on Appropriations; House Committee on Post Office and Civil Service; and House Committee on Appropriations.

If you have any questions, please call me on 275-5074.

Sincerely yours,



Bernard L. Ungar
Director, Federal Human Resource
Management Issues

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Abbreviations

CSRS	Civil Service Retirement System
GM	General Management
OPM	Office of Personnel Management
SES	Senior Executive Service
TIR	Targeted Installation Review

List of Functions and Services

Retirement Function

Interim annuity payment—the first annuity payments federal retirees receive immediately after retirement; provided as an interim annuity during the lengthy process of computing the retiree's proper annuity. Generally amounts to about 95 percent of the regular recurring annuity.

Regular recurring annuity—the full annuity for retirees.

Survivor annuity, interim—the first annuity payments the survivors receive immediately after the death of a federal annuitant; provided as an interim annuity during the lengthy process of computing the full annuity.

Survivor annuity-regular recurring—the full annuity for survivors of retirees.

Priority correspondence—inquiries from members of Congress or congressional committees.

Refund claims—requests for the refund of retirement funds by federal employees leaving the federal service.

Open season changes—changes to health benefits programs by annuitants during the annual federal open season period.

Tax withholding actions—changes to annuitants' taxes withheld from annuities as a consequence of the annuitants' change in tax status or as requested by annuitant.

Address change—changes of addresses as requested by annuitants.

Health Insurance Function

Open season information—brochures and comparison charts that are developed annually for when the federal employees, annuitants, and survivors select specific carriers for their insurance needs. This information is also used by new federal employees to select their carriers.

Disputed claims—claims that are in unresolved disagreement between carriers and beneficiaries, and beneficiaries have requested that OPM resolve the disagreements.

Priority correspondence—same as retirement function.

Benefit claims—claims for payment of medical expenses submitted to the carriers by either the medical service providers or by the health benefit program enrollees.

Investigations Function

National agency check—national agency check and inquiries are searches of existing federal files, such as OPM personnel files and FBI fingerprint files, for information on individuals seeking federal employment, or newly hired employees.

Investigations—background investigations on individuals, including current federal employees, who are being considered for sensitive positions. Includes interviews with past employers and acquaintances, police records searches, and searches of similar sources of information.

Career Entry and
Employee Development

Applicant services—those services provided to prospective federal employees, such as information on available jobs and how to apply for them.

Certification lists—lists of best qualified applicants for federal agency positions, provided to the agencies for specific job openings.

Decentralization services—authorizations to agencies for direct hire and delegated examining activities.

Training courses—training courses that are provided to federal agencies by or through OPM. OPM generally establishes the training courses on the basis of agencies' requirements, obtains facilities and instructors, and coordinates all associated activities.

Agency Compliance and
Evaluation

Governmentwide reviews—multi-agency reviews of significant personnel initiatives, trends, and concerns. Issues covered may include agency use of delegated personnel authorities and agency efforts to deal with problems of recruitment and retention.

Agency-specific reviews—single-agency, multi-installation reviews of significant personnel initiatives.

Targeted installation reviews—single installation reviews of significant personnel problems.

Appendix I
List of Functions and Services

Off-site monitoring—monitoring and analyses of Civilian Personnel Data File information on approximately 600 federal installations.

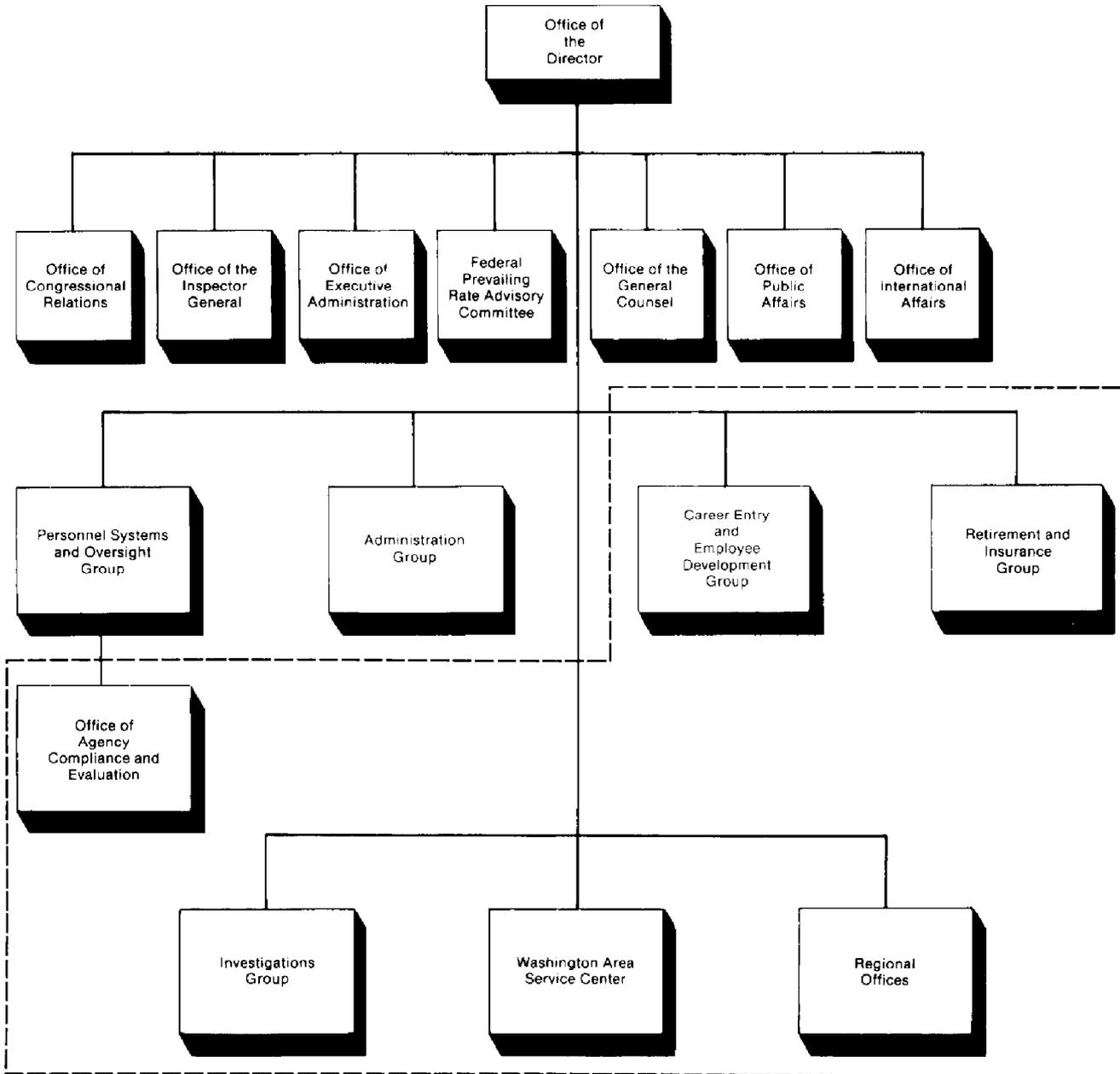
Agency-led reviews—guiding, monitoring, and participating in federal agencies' personnel management evaluations.

Objective, Scope, and Methodology

The objective of our examination was to determine what is known about performance in providing quality, effective, and efficient services to OPM's customers. To do this, we identified (1) the key outputs and services of OPM's operational units (figure II.1 shows the units covered) and what performance measures and standards exist for these services, (2) what information is routinely provided to the OPM director on the operational units' performance in delivering key services, and (3) how performance expectations and standards are used in OPM to hold managers accountable for results.

Appendix II
Objective, Scope, and Methodology

Figure II.1: OPM Organization Chart



--- Units Covered by This Examination

Source: From GGD-89-19, Jan. 1989

To determine key outputs and related measures and standards, we asked the managers who were responsible for the five functions (retirement, health insurance, background investigations, agency compliance, and career entry and employee development) to identify the services that they believe are the most important to their customers, and thus the key services for judging the performance of their organizations. Further, to identify available information on organizational performance in providing these key services, we asked managers to provide documentation on performance measures and standards that exist and are reported.

Program managers identified 22 services and we added two additional services that we believe are important on the basis of our review of OPM's operations. We included as a key service the processing of health benefit claims because of the program's high costs and large number of customers, although the program manager believed that this service should not be included because the process is under the direct control of contract carriers. Further, we included job applicant services as a key service in the Career Entry function. Although management in that function has made a study that concluded that applicants were not their customers, we noted that many services are provided to this group, such as the telephone job information service that is available in all regions, and therefore this service should be included as a key service.

We then obtained and reviewed OPM performance reports and studies and interviewed OPM program managers and other staff on the sources of performance data and the development of the reports.

To determine what information is routinely available to the OPM director, we asked program managers how they use performance information in managing their operations and what data they routinely provide to the director. Further, we identified summarized reporting that could now be made to the director from data currently available at the program level. In addition, we used OPM performance information from current and past program level reports to construct analyses that show recent performance trends in key services. We did not validate the OPM data before developing the trends.

To determine how performance information is used to hold managers accountable, we examined the performance workplans of OPM managers. Specifically, we reviewed the workplans of all 11 headquarters and 4 Washington Area Service Center SES members who had line management responsibilities for the operations units to determine the extent to which

Appendix II
Objective, Scope, and Methodology

organizational performance standards and measures were specified or referred to in management expectations. We also examined the workplans of seven GM managers who had major line responsibility to determine if performance standards and measures were specified at this lower level. These workplans contain the elements for which individual managers—at both the SES and GM levels—are held accountable.

OPM Performance Measures and Standards

In our examination, we found that OPM has developed many performance measures and standards. These have been established at various levels from overall program levels to individual sub-unit levels. For example, not only does the investigations function have national standards, but the regions have individual standards as well.

Measures and standards have been also established for a variety of outputs, not only those outputs considered key services by OPM program managers, but also for outputs and services of more limited importance to the overall mission. For example, in the health insurance function, the performance of processing reconsiderations is measured. Reconsiderations, which deals with requests for reinstatement in a health benefit program, constitutes a minor workload for the health benefits function.

This appendix focuses on the measures and standards that exist for the 24 key output services that were identified by program managers or us. Table III.1 identifies for the 24 key output services whether OPM has developed timeliness, quality, efficiency, and customer satisfaction measures for these services. Table III.2 identifies standards of performance for these 24 services, where available.

**Appendix III
OPM Performance Measures and Standards**

Table III.1: OPM Operations: Summary of Measures by Service

Function/Service	Measures regularly reported to program management			
	Timeliness	Quality	Efficiency	Customer satisfaction
Retirement				
Interim annuity payment	Process days	Error rate	Unit Cost/Time	Limited ^a
Regular recurring annuity (fully developed)	Process days	Error rate	Unit Cost/Time	Limited
Survivor annuity, interim	Process days	Error rate	Unit Cost/Time	Limited
Survivor annuity - regular recurring	Process days	Error rate	Unit Cost/Time	Limited
Priority correspondence	Process days	Error rate	Unit Cost/Time	Limited
Refund claims	Process days	Error rate	Unit Cost/Time	Limited
Open season changes	Milestone	None	None	Limited
Tax withholding actions	Milestone	Error rate	Unit Cost/Time ^b	Limited
Address change	Milestone	Error rate	Unit Time	Limited
Health Insurance				
Open season information	Milestone	Qualitative	None	Limited
Disputed Claims	Process days	None	Unit Cost/Time	Limited
Priority correspondence	Process days	Error rate	None	Limited
Benefit Claims ^c	None	None	None	Limited
Investigations				
National agency check	None	None	Unit Cost	Limited
Investigations	Process days	Quality rate	Unit Cost/Time	Limited
Career entry and employee development				
Applicant services	None	None	None	Limited
Certification lists	Process days	Certs/Select	Unit Cost/Time	(First report by Jan. 1990)
Decentralization services	None	Errors	None	(First report by Jan. 1990)
Training courses	None	None	Cost/Trning Day	Limited
Agency compliance and evaluation				
Governmentwide reviews	Report process days	Qualitative	None	Limited
Agency-specific reviews	Report process days	Qualitative	None	Limited
Targeted installation reviews	Report process days	Qualitative	None	Limited
Off-site monitoring	Qualitative	Qualitative	None	Limited
Agency-led review	None	Qualitative	None	Limited ^a

^aLimited performance assessments: data not systematically organized, analyzed, reported, and tracked.

^bEfficiency measure is not individually available, but combined with other services

^cContractor operations.

**Appendix III
OPM Performance Measures and Standards**

Table III.2: OPM Operations: Summary of Standards/Expectations by Service

Function/Service	Performance standards/expectations			
	Timeliness	Quality	Efficiency	Customer satisfaction
Retirement				
Interim Annuity Payment	12-14 days	4.5% error rate	None	None
Regular recurring annuity (fully developed)	55-60 days	4.5% error rate	None	None
Survivor annuity, interim	12-14 days interim pay	5% error rate	None	None
Survivor annuity - regular recurring	55-60 days	5.0% error rate	None	None
Priority correspondence	85% in 13 days	0.0% error rate	None	None
Refund claims	12-14 days	1% error rate	None	None
Open season changes	Jan. 1	0.0% error rate	None	None
Tax withholding actions	20 days	1% error rate	None	None
Address change	100% in 2 week cycle	1.0% error rate	None	None
Health Insurance				
Open season information	To GPO 9/30	0.0% error rate	None	None
Disputed claims	30 days after data received	None	None	None
Priority correspondence	13 days	None	None	None
Benefit claims ^a	—	—	—	—
Investigations				
National agency check	None	None	None	None
Investigations	75% by critical date	97.7% correct	\$495/case	None
Career entry and employee development				
Applicant services	—	—	—	—
Certification lists	None	None	None	None
Decentralization services	None	None	None	None
Training courses	None	None	None	None
Agency compliance and evaluation				
Governmentwide reviews	Variable milestones	Qualitative	None	None
Agency-specific reviews	Variable milestones	Qualitative	None	None
Targeted installation reviews	45 days after site work	Qualitative	None	None
Off-site monitoring	Regional milestones	Qualitative	None	None
Agency-led review	Agency milestones	Qualitative	None	None

^aContractor operations

Notes:

1. Tables III.1 and III.2 identify many of the measures in the longer cycle operations such as the agency compliance reviews as being "qualitative." These are measures that are not established in the quantitative sense, such as error rates for quality, but rather as check lists of elements that must be adequately covered in the work. Although such measures are not as precise as quantitative measures, they are specific, planned evaluations of performance for which expectations are set before the work is begun.

2. Some key services have more than one standard of timeliness performance. For example, the annuity

Appendix III
OPM Performance Measures and Standards

claims may be received from agencies in a "fully developed" condition—which means all of the material provided is complete—or they may be in "undeveloped" condition. An undeveloped condition requires obtaining the needed information from the agencies, thus both a different measure and standard are established for these types of annuity cases. Table III.2 refers to only one of these types of cases in order to demonstrate simply that standards have been established for the overall service.

3. Certain timeliness standards in the Retirement function are given in terms of a range of values, e.g., 12-14 days. Management established this range to recognize that during peak periods, such as at the end of the year, abnormal backlogs will occur, thus slowing the processing time. Abnormal workload peaks are considered beyond the managers' control and thus the standards should be adjusted when these peaks occur.

4. "Certs/Select," a quality measure in the Career Entry function, refers to lists of certified applicants (Certs) per applicants selected and hired (Selects). The Career Entry and Employee Development program managers believe that reductions in the number of lists required to find and hire suitable candidates reflects the improved quality of the Career Entry process.

5. "Errors" is identified as the quality measure for decentralization services in the Career Entry function. This is a measure of the number of errors by agencies in carrying out delegated examining or direct hire activities. The method of detection for delegated examining is through periodic audits by Career Entry specialists in OPM's area offices. OPM also reviews information submitted by agencies on their direct hiring activities.

Performance Trends

We used historical performance data from OPM reports to develop examples of the type of summarized performance trend information that could be reported to the directorate level. From these, we selected four as illustrations. We did not verify the data.

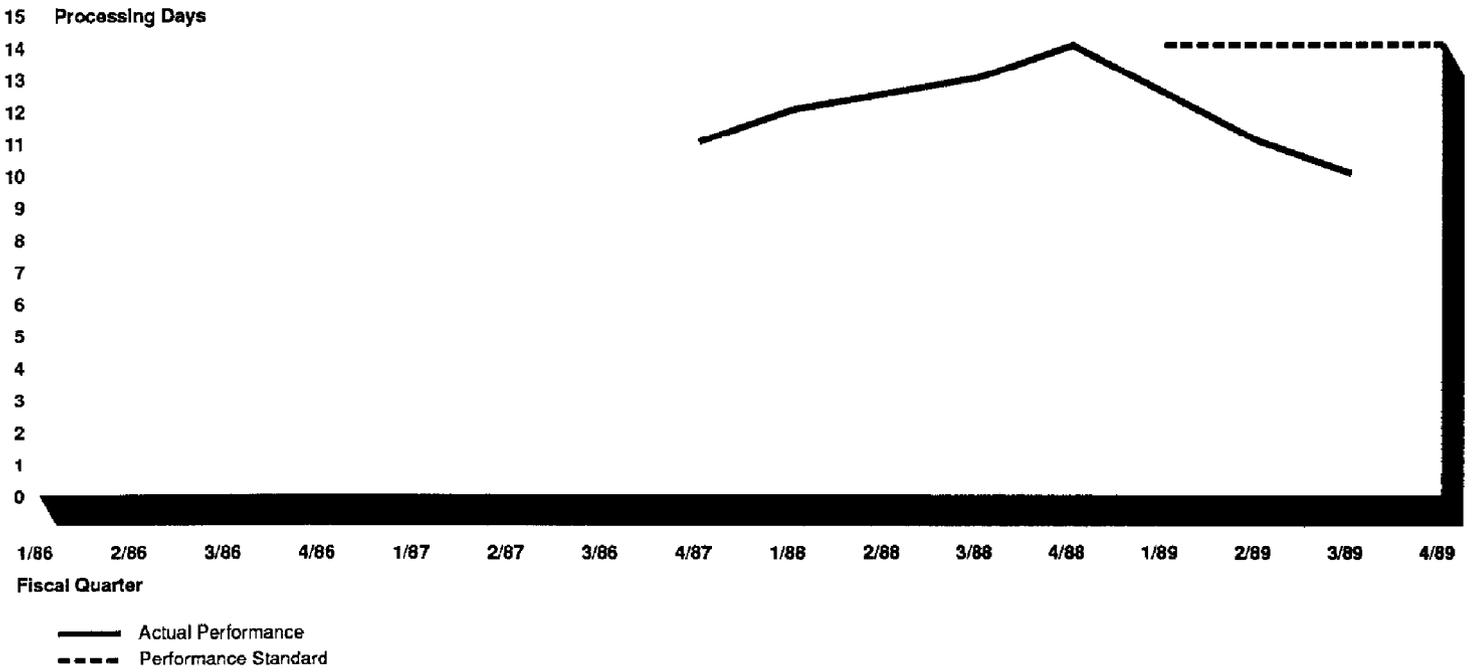
These figures show the relevant issues about which the director may wish to keep informed. For example, figures IV.1 and IV.2 indicate that efforts to provide annuity payments to retirees in a short time after retirement are being successful. However, at the same time, as shown by figure IV.3, efforts to keep the quality within desired limits are not successful. One issue to consider, in our opinion, is whether the steps taken to improve timeliness have had any adverse effect on quality.

Figure IV.4 addresses the continuing problem of timeliness in providing investigations for federal agencies. In 1987, we reported on problems in timeliness in providing background investigations to agencies.¹ As the chart shows, OPM is still not achieving its own performance standard for the percentage of investigations completed by the critical date.

¹OPM Revolving Fund: Investigation Activities During Fiscal Years 1983 Through 1986 (GAO/ GGD-87-81 June 1987).

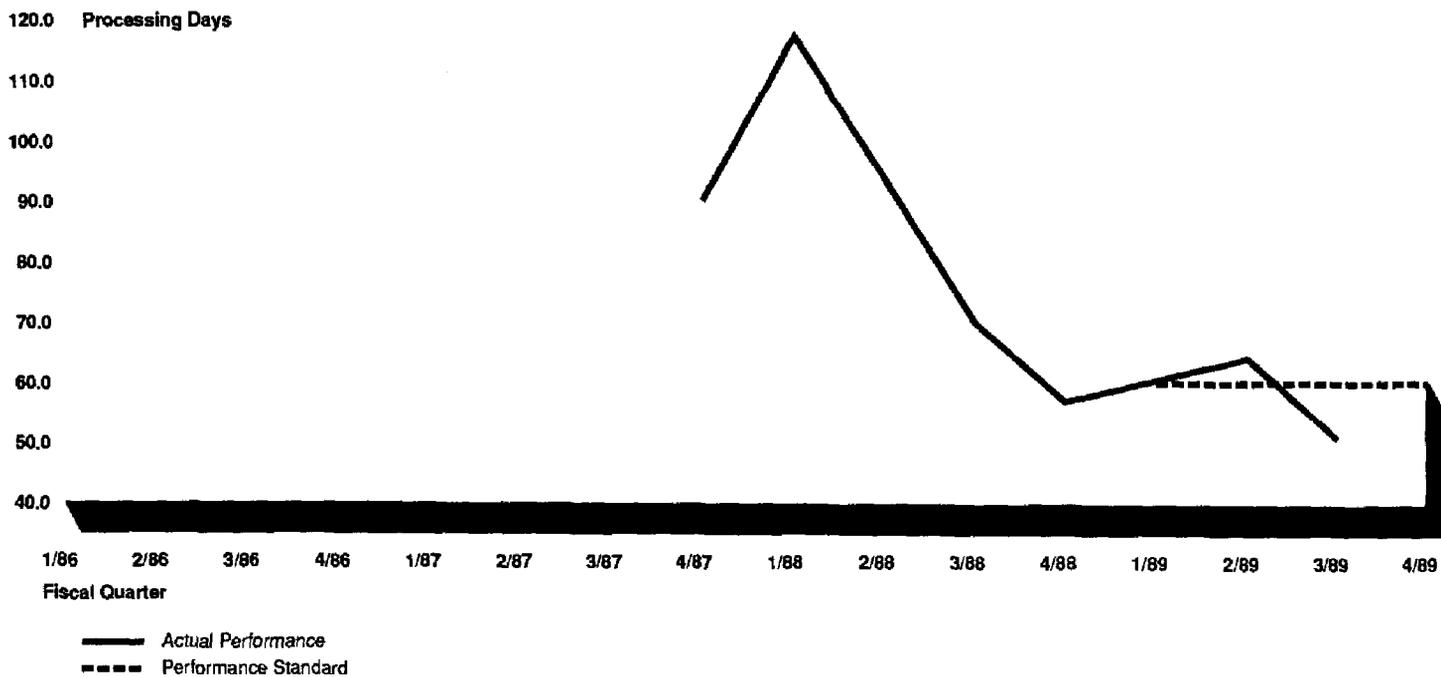
Appendix IV
Performance Trends

Figure IV.1: Interim Annuity Timeliness: Processing Days



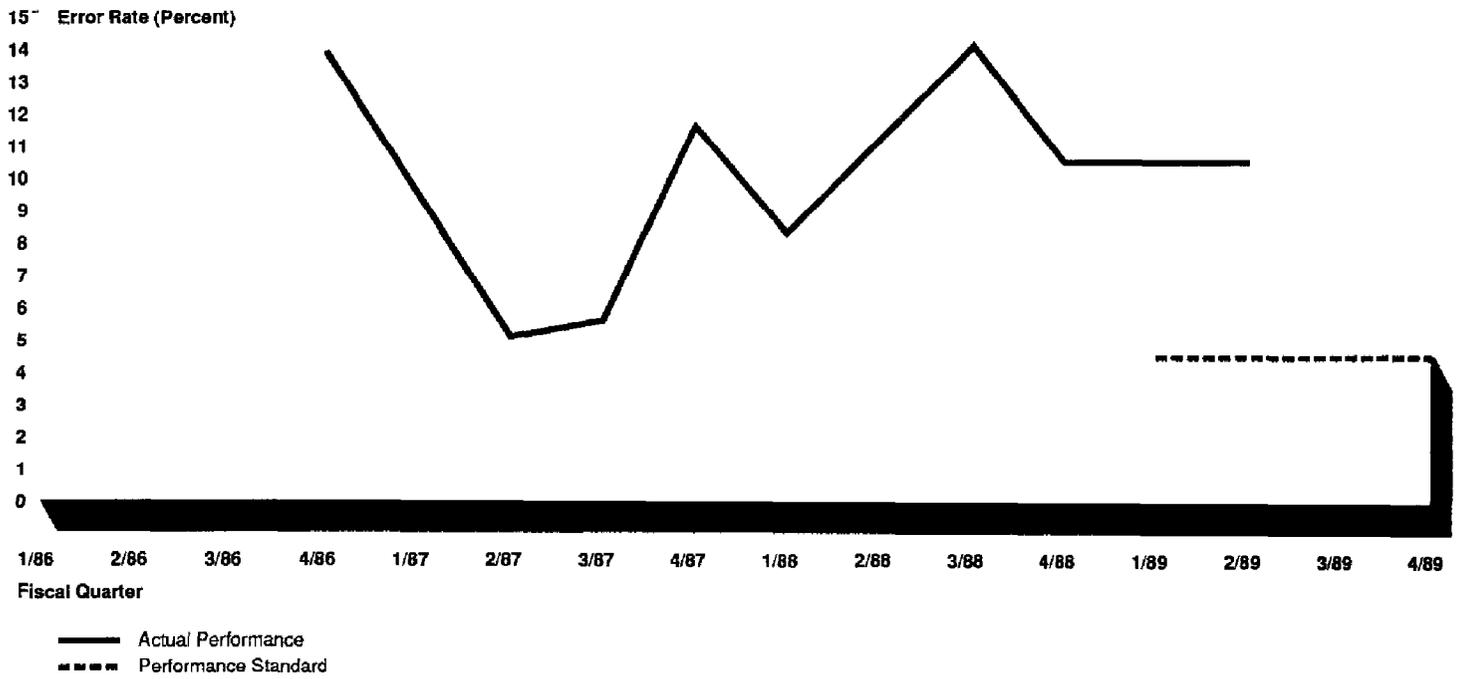
Appendix IV
Performance Trends

Figure IV.2: Regular Recurring Annuity Timeliness: Processing Days



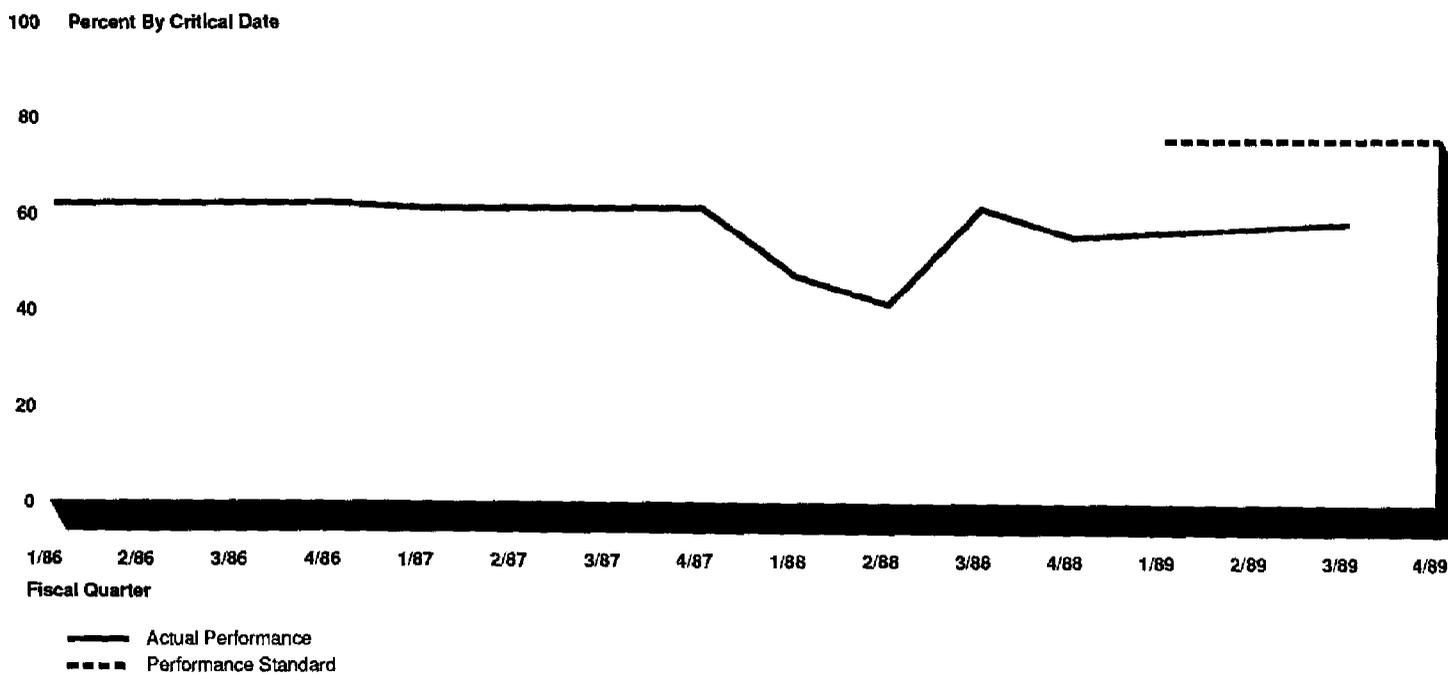
Appendix IV
Performance Trends

Figure IV.3: Combined Interim and Regular Annuity Quality: Error Rate



Appendix IV
Performance Trends

Figure IV.4: Investigations Timeliness: Percent by Critical Date



Issues to Consider in Developing a Strategic Approach to Measurement

Taking a positive step, the director has recently requested more performance information to be provided to the directorate level. At this time, however, the information provided at that level is still limited to a few key services and dimensions of performance, and more comprehensive information is needed to fully assess and manage operational performance.

Performance information designed to address a range of top management needs should enhance the capacity to assess operational performance and hold managers accountable. We believe that developing a performance measurement and reporting system for the directorate level should include the following steps:

- Ensuring that top level management and staff agree on who OPM's customers are, which key services should be tracked, and what performance measures and standards should be used, keeping in mind that such a list of key services can change over time as the environment and needs of customers change.
- Determining what information should be given to the director and how often. Too much information can make performance reporting systems unwieldy and unusable, but too little information hampers management decisionmaking. For example, a strategy for performance reporting may require regular reports on (1) areas of chronic performance problems; (2) activities that the director, the administration, or Congress consider high priority; or (3) services that have high visibility or that require large amounts of resources. Less frequent reporting may be desirable for areas where measurement is costly, change is slow, or problems infrequent. Reporting may be desired for short periods of time where improvement actions have recently been taken. Further, the report should be dynamic and flexible, allowing for changes in the items to be reported without undue difficulty. In this regard, the reporting system should highlight for the director's attention, when appropriate, services where performance is moving in the wrong direction.
- Including key services in SES and other managers' workplans, as appropriate. Because SES managers can be responsible for several key services at one time, it may not be necessary or desirable to specify all services or dimensions of performance in a manager's workplan, but rather to selectively identify those services that require special attention. Some of the same reasons for reporting performance on selective services to the director may also apply to including these services in managers' workplans. For example, falling performance in quality of a given service may be a reason for having that service specified in a program manager's workplan.

Appendix V
Issues to Consider in Developing a Strategic
Approach to Measurement

We recognize that measures are only indicators and tools, and should not be used as the only basis to reach judgments on organizational or managerial performance. Organizational performance data need to be supplemented with other information and managerial judgment when assessing success in achieving OPM's missions. At least three critical aspects need to be considered in using performance measures.

First, data are not always as accurate, complete, or current as desired. Further, the development of quantifiable measures and standards in certain areas may be difficult because of the nature of the operations. Qualitative measures and standards requiring judgments may be the best practical approach for some areas.

Second, many factors beyond the managers' control can influence operational performance. These factors include the loss of key staff, budget constraints, rapid changes in legislation that change processes and services, and external factors that restrict the capability to hire and retain qualified employees.

Third, not all dimensions of a manager's individual performance are reflected promptly by an organization's performance. For example, building the capability of an organization through improving the work force takes time, and the results of such efforts may not be seen quickly in the performance data.



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